



Billing Code: 5001-06

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Transmittal No. 18-26]**

**Arms Sales Notification**

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Arms sales notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of an arms sales notification.

**FOR FURTHER INFORMATION CONTACT:** DSCA at [dsca.ncr.lmo.mbx.info@mail.mil](mailto:dsca.ncr.lmo.mbx.info@mail.mil) or (703) 697-9709.

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 18-26 with attached Policy Justification and Sensitivity of Technology.

Dated: July 26, 2018.

Shelly E. Finke,  
Alternate OSD Federal Register Liaison Officer,  
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12<sup>TH</sup> STREET SOUTH, STE 203  
ARLINGTON, VA 22202-5408

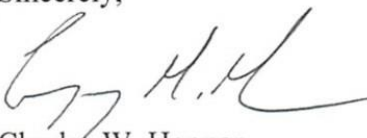
JUN 26 2018

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 18-26, concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Commonwealth of Australia for defense articles and services estimated to cost \$185 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

  
Charles W. Hooper  
Lieutenant General, USA  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Transmittal No. 18-26

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Commonwealth of Australia

(ii) Total Estimated Value:

Major Defense Equipment*	\$ 0.0 million
Other	<u>\$185.0 million</u>
TOTAL	\$185.0 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: Australia has requested the possible sale of long lead items, engineering and development activities, establishment of engineering development sites, and commencement of development activities associated with the integration of the CEAFAR 2 Phased Array Radar System with the AEGIS Combat System.

Major Defense Equipment (MDE): None

Non-MDE:

AEGIS Weapon System Technical Equivalent Components including Command Display System (CDS) Consoles (including 2 consoles in Gun Weapon System configuration); Multi-Mission Display (MMD) systems, including projectors, sensors and cameras; Tactical Equivalent Core Computing System (CCS) Cabinets; Tactical Equivalent AEGIS LAN Interconnect System (ALIS) Cabinets; Tactical Equivalent AEGIS Conversion Equipment Group Input/Output (ACEG I/O) Cabinets; Tactical Equivalent Advanced Storage Area Network (ASAN) Cabinets; Global Command and Control System - Maritime (GCCS-M); Cooperative Engagement Capability (CEC) sites systems, to include processing rack, simulation equipment and workstation; AN/SPQ-15 Converter/Receiver and /signal data converter equipment; Defense Visual Information Distribution Service (DIVDS) cabinet; AN/SQQ-89 Sonobouy Processing Core Computing System racks, with console and laptop; AEGIS simulator racks and workstations; AEGIS Training System; and various ancillary equipment and support products, including desktop computers, displays, test units and compilations servers, printers, workstations, spares, cabling and software licenses. Also included are spare and repair parts, support and test equipment, engineering and technical services to support sites equipment, U.S. Government and contractor engineering, technical and support services, engineering technical assistance, other technical assistance, and other related elements of program and logistics support.

(iv) Military Department: Navy

(v) Prior Related Cases, if any: AT-P-LCQ, Implemented 31 Oct 05; AT-P-GTG, Implemented 31 Mar 14; AT-P-GSU, Implemented 26 Nov 15;

AT-P-GSB, Implemented 2 Feb 16

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services  
Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: June 26, 2018

\*As defined in Section 47(6) of the Arms Export Control Act.

## POLICY JUSTIFICATION

### Australia – AEGIS Combat System Equipment for Australia Surface Combatants

The Government of Australia has requested to buy long lead items, engineering and development activities, establishment of engineering development sites, and commencement of development activities associated with the integration of the CEAFAAR 2 Phased Array Radar System with the AEGIS Combat System. Included are AEGIS Weapon System Technical Equivalent Components including Command Display System (CDS) Consoles (including 2 consoles in Gun Weapon System configuration); Multi-Mission Display (MMD) systems, including projectors, sensors and cameras; Tactical Equivalent Core Computing System (CCS) Cabinets; Tactical Equivalent AEGIS LAN Interconnect System (ALIS) Cabinets; Tactical Equivalent AEGIS Conversion Equipment Group Input/Output (ACEG I/O) Cabinets; Tactical Equivalent Advanced Storage Area Network (ASAN) Cabinets; Global Command and Control System - Maritime (GCCS-M); Cooperative Engagement Capability (CEC) sites systems, to include processing rack, simulation equipment and workstation; AN/SPQ-15 Converter/Receiver and /signal data converter equipment; Defense Visual Information Distribution Service (DIVDS) cabinet; AN/SQQ-89 Sonobouy Processing Core Computing System racks, with console and laptop; AEGIS simulator racks and workstations; AEGIS Training System; and various ancillary equipment and support products, including desktop computers, displays, test units and compilations servers, printers, workstations, spares, cabling and software licenses. Also included are spare and repair parts, support and test equipment, engineering and technical services to support sites equipment, U.S. Government and contractor engineering, technical and support services, engineering technical assistance, other technical assistance, and other related elements of program and logistics support. The total estimated program cost is \$185 million.

This sale will support the foreign policy and national security of the United States by helping to improve the security of a major ally that is an important force for political stability and economic progress in the Western Pacific. It is vital to the U.S. national interest to assist our ally in developing and maintaining a strong and ready self-defense capability.

The proposed sale will enhance Australia's Surface Combatant capability by adding nine AEGIS capable Future Frigates over the next 20 years and by upgrading their existing three AEGIS capable Hobart Class destroyers with the latest technology and capability. This sale enhances Australia's self-defense capability, while significantly improving interoperability with U.S. Navy AEGIS combatants in the region. By deploying a surface combatant fleet that will incorporate Cooperative Engagement Capability (CEC), Australia will significantly improve network-centric warfare capability for U.S. forces operating in the region. Australia will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The prime contractor will be Lockheed Martin, Rotary and Mission Systems, Moorestown, NJ. There are a significant number of companies under contract with the U.S. Navy that will provide components and systems as well as engineering services during the execution of this effort.

There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require travel of U.S. Government and/or contractor representatives to Australia on a temporary basis for program support and management oversight, consistent with the current level of effort.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act

Annex  
Item No. vii

(vii) Sensitivity of Technology:

1. The AEGIS Weapon System is a multi-mission combat system providing Integrated Air and Missile Defense (IAMD) capability for surface ship combatants. This sale involves the procurement of development site equipment to support the Australian Surface Combatant Program. The equipment will be installed in U.S.-based development and testing site locations to support the continued development of the AEGIS Combat System for the Australia Surface Combatant Programs. A subsequent LOR is anticipated for procurement of combat system equipment to be exported to Australia for installation on their future surface combatants.
2. AEGIS Weapon System simulation software, documentation, training and study material will be provided a classification levels up to and including SECRET.
3. No delivery of restricted information will be provided under this LOR. Delivery of sensitive technological information, up to and including SECRET, will be limited to the minimum level of information required to progress activities associated with the integration of indigenous combat system systems into the AEGIS Combat System. This consists primarily of AEGIS Combat System requirements and integration information to support early combat system development activities, in the form of documentation, simulation software, and technical specifications. This information is sensitive as it provides limited insight into AEGIS Combat System capabilities and requirements - as tailored to the Australian AEGIS Combat System configurations.
4. If a technologically advanced adversary were to obtain knowledge of specific hardware, the information could be used to develop countermeasures which might reduce weapons system effectiveness or be used in the development of a system with similar or advanced capabilities.
5. A determination has been made that Australia can provide substantially the same degree of protection for sensitive technology being released as the U.S. Government. This proposed sustainment program is necessary to the furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.
6. All defense articles and services listed on this transmittal are authorized for release and export to Australia.